

David S. Wolfenden
Newport, Rhode Island 02840

January 17, 2009

Jennifer J. Johnson
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

Dear Ms. Johnson,

I'd like to make you aware of a growing Banking Industry practice facing older Americans and those young and low-income consumers living week-to-week on a financial tight rope.

Simply put, transaction charges are wiping out hundreds of thousands of us! The banks have found a seemingly unending source of income from debit card users, most of whom do not qualify for a credit card but need the convenience of a withdrawal payment.

According to an FDIC survey, in 2006, 74% of deposit account service charges were attributable to overdraft-related fees. One can only imagine what it is now.

I have enclosed articles from USA today, the New York Times and The Houston Chronicle as well as an excellent report by The Center for Responsible Lending and a letter from Sovereign Bank to the Board of Governors of the Federal Reserve System that makes it quite clear how the banks cherish this extraordinary source of income.

As someone who has suffered from this gluttony for more than a few years, please allow me to tell you a bit about myself and share the most recent experience concerning the fee practices of the financial industry.

I'll be 70 in May. I remain active as an independent media producer. I pay \$850 a month rent in Newport for a one-bedroom apartment that also serves as a production studio.

I don't have an IRA or a retirement fund. There is nothing in a savings account. In 2008 I netted \$971 a month from Social Security. I paid \$160 a month to AARP for MediGap coverage plus auto insurance, electric and telephone utilities. Any other income is derived from media production work and event videography.

You will see from the attached material that in 2008 I paid \$528 in overdraft fees at \$33 each. In 2007 I paid \$210 at \$30 each. Note the trend.

Looking at the *Summary Information* for my account as of 12/13/2008 and reading from bottom to top you will see that on 12/11/08 I had a balance of \$754.57. Above that there are three small items, the largest of which is \$16.50. And then there is my rent check for \$850.

On Friday afternoon, December 12, I went to pick up and deposit a check for \$160 from a local municipality. The A/P clerk forgot to print it and went home early.

Then, at 6 P.M that day Sovereign Bank processed the largest debit first as is their policy (I had been told that was to make sure things like mortgages got paid). When I downloaded the *Summary Information* on Saturday, December 13, I found \$99 worth of OD charges against three items that totaled \$33.99 plus the \$33 against the rent check. Further, there were two other items under *Pending Activity* which were going to cost me another \$66 in fees after 6 P.M on Monday, the 15th.

On that Monday, I pawned one of my video cameras to cover what was now a substantial overdraft so as to avoid the additional fees. That cost me \$40 in interest.

It would be naïve to believe that Sovereign Bank debits the largest item first so the mortgage gets paid. That is pure nonsense. It is simply a way of jacking up the fees, in this case \$99. An onerous practice at best, at the worst downright larceny.

The Associated Press study I have included indicates that in 2007, \$1.6 billion went to bank executives who the American public had to bail out in 2008. And according to the Houston Chronicle, they won't tell us where the money went! That is total arrogance!!

As a taxpayer I am now being asked to look kindly upon more billions going to prop up an industry that has and still is treating hundreds of thousands of Americans so poorly. I can't go along with that.

Forcing banks to provide an "opt out" of overdraft payment isn't the answer either although every banking consumer should be allowed that option and have it clearly explained.

An overdraft fee should not be charged that exceeds the amount of the item up to an established limit. For example, Sovereign Bank has established a \$33 overdraft charge. A debit card overdraft on a nine-dollar item should be charged nine-dollars...not \$33.

And financial institutions should never be allowed to rearrange the processing order of debits and credits. That is legalized theft, plain and simple and the people it hurts the most are those who can bear it the least. If there was honor among these thieves they would make it a point to process the smallest items first. But that would eliminate a huge source of income.

Now that banking is finally coming under scrutiny it would seem that the time has come to use more than the usual band-aid surgery. When an industry so vital to the lives of every American cannot control its own appetite for grossly obscene excesses in virtually every area of its operation then it's time for change. We have already practically nationalized the banks. Perhaps


that is the final step so that we can throw the scoundrels out and replace them with people answerable to the American public.

It is difficult for me to imagine the slightest renewal of faith in the American Banking Industry if these and other well-publicized underhanded practices are allowed to continue. And I am adamantly opposed to any further handouts to what is starting to look like a black hole.

I ask for your support and the support of your colleagues in bringing honesty, integrity and fairness back to what I hope will be a bright financial future for all of us.

Thank you for taking the time to review this information.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Wolfenden", with a stylized, flowing script.

David S. Wolfenden